

Sharpening Service

The Razor's Edge LLC

4289 Williams Peak Ave.
Raleigh, NC 27607

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The Razor's Edge provides sharpening services for items in a wide range of categories including kitchen cutlery, woodworking tools, hunting/outdoor items, scissors, and various lawn and garden tools.

EXECUTIVE SUMMARY

Business Overview

The Razor's Edge provides sharpening services for items in a wide range of categories including kitchen cutlery, woodworking tools, hunting/outdoor items, scissors, and various lawn and garden tools. The service is a new business established by Bill Mason, a retired hardware store owner. Mason is interested in beginning a scalable business that he can operate with his son, Jack Mason, initially on a part-time basis. His son, who has a full-time day job in a local machine shop, will initially work for the sharpening service evenings and weekends until the business can sustain him on a full-time basis.

The Razor's Edge will begin operation from a small outbuilding on Bill Mason's property. This location should be suitable for the foreseeable future, as it provides ample space for operations. The owners plan to pick up and deliver items to commercial customers. The Mason property is easily accessible for consumers who wish to drop off items for sharpening.

MARKET ANALYSIS

Overview

The Razor's Edge will focus on five primary target markets: consumers, barbershops/beauty salons, landscaping businesses, tradespeople, and food service/institutional.

In 2010 Raleigh, North Carolina, was home to approximately 371,000 people. Because almost all consumers are in need of sharpening services, there is ample opportunity within this market segment.

Likewise, plenty of opportunity exists for The Razor's Edge within the commercial sector. According to a report from DemographicsNow, our commercial prospects in Raleigh break down as follows:

- Restaurants (592 establishments)
- Beauty & Barbershops (568 establishments)
- Hospitals/Medical (268 establishments)

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- Miscellaneous Repair Services (129 establishments)
- Hotels & Lodging (82 establishments)

Landscaping and lawn care businesses fall within the category of “Other Business Services” (902 establishments).

Competition

The Razor’s Edge will face competition from a number of different businesses in the Raleigh area. Our primary competitors will be businesses that offer a full range of sharpening services:

- Sharpening Solutions Inc.
- Larsson Enterprises

Competition also will come from businesses that focus on one particular type of sharpening (e.g., saw blades, knives, scissors, etc.):

- Peterson’s Outdoor Equipment Inc.
- Raleigh Saw Works
- Municipal Saws & Tools
- Professional Knife Sharpening
- Sharpest Scissors LLC

We will benefit from the fact that there are a limited number of competitors in the marketplace at the present time.

PERSONNEL

Bill Mason

A retired hardware store owner, Bill Mason is well known throughout Raleigh, North Carolina. He operated Mason’s Hometown Hardware, a business established by his father in 1938, from 1969 until his retirement in 2005. One of Bill’s first jobs, when he worked for his father during high school, was sharpening knives and lawnmower blades. Since his retirement bill has continued to offer occasional sharpening services to his old customers, in order to maintain relationships with them and stay busy. Realizing that there is a strong market opportunity in this area, Bill has decided to capitalize on his reputation in the community and establish a scalable business that he can operate with his son, Jack Mason. Initially, he plans to operate the business with Jack on a part-time basis. During this time he will share his business management knowledge with his son and help him to establish a thriving enterprise.

Jack Mason

Jack currently works full-time for ABC Machine Inc., a local machine shop where he works as a CNC lathe operator. He will initially work for the sharpening service evenings and weekends until the business can sustain him on a full-time basis. Like his father, Jack spent his high school years working at the family hardware store, where he sharpened many a lawnmower blade and knife. With his mechanical skills and hands-on experience, Jack is well-suited for a sharpening business. Best of all, he is eager to learn about business management from his father.

Professional & Advisory Support

The Razor’s Edge has established a business banking account with City Credit Union, as well as a merchant account for accepting credit card payments. Rusty Steers, a local accountant, will

provide accounting and tax advisory services. The owners have utilized LegalZoom.com, an online legal document service, to prepare the paperwork necessary for establishing their limited liability company.

GROWTH STRATEGY

- **Year One:** Begin as a part-time sharpening service that serves our local market. Develop a core base of repeat commercial customers.
- **Year Two:** Expand our core base of repeat customers and become a full-time operation.
- **Year Three:** Expand the business by adding a mobile/on-site sharpening service and doing demonstrations at local/regional special interest shows (see Marketing & Sales). Consider the addition of a third, part-time employee.
- **Year Four:** Intensify online marketing efforts and begin offering a mail-in sharpening service serving all 50 states.

SERVICES

The Razor's Edge provides sharpening services for items in a wide range of categories including:

Kitchen Cutlery

- Cleavers
- Butcher Knives
- Serrated Knives
- Tourne Knife
- Boning Knife
- Steak Knives
- Utility Knives
- Slicing/Carving Knives
- Cheese Knives
- Chef's Knives
- Deli Knives
- Filet Knives
- Frozen Food Knives
- Mincing Knives
- Paring Knives

Woodworking Tools

- Carving Knives
- Chisels
- Drill Bits
- Woodturning Tools

SHARPENING SERVICE

- Saw Blades
- Plane Blades

Hunting/Outdoor

- Fillet Knives
- Fixed Knives
- Pocket Knives
- Tactical Knives
- Custom Knives
- Machetes
- Folding Knives
- Lock-back Knives
- Serrated Knives
- Fish Hooks
- Axes
- Hatchets

Scissors

- Kitchen Scissors
- Pinking Shears
- Sewing Scissors
- Poultry Shears
- Tin Snips

Lawn & Garden

- Lawnmower Blades (push mower and tractor)
- Pruning Shears
- Loppers
- Edgers
- Clippers
- Sod Cutters

Process

The Razor's Edge will provide all customers with a firm time and cost estimate when they drop off their items for sharpening.

Depending on the items that require sharpening, different types of equipment or tools will be used (see detailed list below). For example, when working with knives we typically use sharpening stones, progressing from coarse stones (for dull or nicked blades) to medium and then fine stones (which produce a sharp edge). There are different types of sharpening stones (e.g., oil stones, water stones, and diamond stones), and some are better suited for specific applications than others. For example, diamond stones are especially effective for sharpening kitchen cutlery.

Beyond sharpening stones, The Razor's Edge will be equipped with other types of sharpening equipment. In some cases, we may use sharpening steels, diamond rod sharpeners, and hand-held or bench

mountable leather strops. Sometimes, power equipment may be utilized. Examples include a belt sander equipped with a leather stropping belt, which removes less metal than other methods, a scissor sharpening machine, or a bench grinder.

Typical turnaround time for most jobs will be 3 to 5 business days. For an additional 20 percent charge, we will turn around a customer order in 24 hours or less. All items are cleaned after sharpening and returned in cases/sheathes/containers provided by the customer, or wrapped in plain paper and marked with the customer's last name. All items not claimed within 30 days become the property of The Razor's Edge.

MARKETING & SALES

The Razor's Edge has developed a marketing plan that involves the following primary tactics:

1. A series of five fliers that are customized for each of our primary target markets: consumers, barbershops/beauty salons, landscaping businesses, tradespeople, food service/institutional.
2. Sales calls to prospective accounts (a detailed monthly schedule for our first year of operation is available upon request).
3. A multi-phased direct-mail campaign that initially involves sending fliers to our top commercial prospects.
4. A Yellow Page listing.
5. A Web site with complete details about our business and the services we offer.
6. A customer loyalty program that provides a 10 percent discount to those referring a friend or family member to our business.
7. A "first sharpening is free" (limit two items) incentive to gain new customers.
8. Magnetic signage that can be affixed to our vehicle in order to promote the business.
9. Magnetic business cards that will double as advertising specialties.
10. Active membership in the local Chamber of Commerce.
11. Trade show marketing at the following: Home & Garden Shows; Hunting & Fishing Shows; Knife & Gun Shows; and Cooking Shows

We will begin to use this tactic during our second year of operations, after transitioning to a full-time business. A detailed exhibition schedule will be compiled during year one, at which time we will develop a trade show display with the help of a local large-format graphics company.

OPERATIONS

Location

The Razor's Edge will begin operation from a small outbuilding on Bill Mason's property. This location should be suitable for the foreseeable future, as it provides ample space for operations. The owners anticipate that they will pick up and deliver items to commercial customers. The Mason property is easily accessible for consumers who wish to drop off items for sharpening.

Tools & Equipment

Following is a list of tools and equipment that will be used by The Razor's Edge:

SHARPENING SERVICE

- Belt Sander
- Bench Grinders
- Sharpening Kits/Stones, including: Portable Oil Stone Sharpening System; Oil Stone Kit; Kitchen Sharpening Kit; Woodworking Sharpening Kit
- Electric Sharpeners
- Handheld Sharpeners
- Pocket Sharpeners
- Strops, including: 2" Double Sided Paddle Strop; 8" Double Sided Paddle Strop; 10" Leather Bench Mountable Strop; Leather Razor Strop
- Pastes, including Razor Strop Dressing; Abrasive Powder; Diamond Paste
- Grinding Wheels
- Sharpening Guides
- Sharpening Steels

In addition to the items listed above, The Razor's Edge will occasionally need to purchase various accessories and replacement parts from time to time.

Hours of Operation

During our first year of business, we will adhere to the following schedule:

Monday, Wednesday & Friday: 8 AM to 4:30 PM

Saturday: 8 AM to 12 PM

Closed on Sunday

Pricing

Following is a basic price list for The Razor's Edge:

- Lawnmower Blades (lawn tractor): \$7.50 per blade
- Lawnmower Blades (push mower): \$10 per blade
- Folding Knives: \$7
- Fixed Blade Knives (under 6 inches): \$10
- Fixed Blade Knives (6-12 inches): \$15
- Fixed Blade Knives (over 12 inches): \$20
- Hatchets: \$25
- Machetes: \$30
- Broken Tip Repair: \$25

Additional Charges: \$1.50 for 1/2 serrated knives and \$3 for completely serrated knives; multi-blade knives are sharpened at a rate of \$3 per additional blade.

**Rush charge (24-hour turnaround): 20%*

**Free estimates provided for items not listed above*

FINANCIAL ANALYSIS

General Overview

The Razor's Edge has prepared detailed financial projections with the help of their accountant, Rusty Steers. These projections, which are available upon request, consider our transition to a full-time operation during year two, the addition of a mobile/on-site sharpening service during year three and our expansion to a mail-in sharpening service serving all 50 states during year four.

Based upon our projections, we anticipate that our net profits will be as follows:

| Year 1 | Year 2 | Year 3 | Year 4 |
|---------|----------|----------|----------|
| \$2,000 | \$10,000 | \$15,000 | \$25,000 |

Capital Purchases

The Razor's Edge already has some of the equipment needed for operations. However, several minor purchases will need to be made. These include:

- Oilstones: \$20
- Grinding Wheels: \$100
- Knife Sharpener: \$45
- Triangle Sharpener: \$60
- Scissor Sharpening Machine: \$100
- Strops: \$60
- Diamond Stone Kit: \$225
- Waterstone Kit: \$165

Bill Mason will purchase these items from his own personal savings.

Evaluation & Adjustment

This plan will be evaluated on a quarterly basis with accountant Rusty Steers during our first and second years of operation, and semi-annually thereafter.